

**TOWN OF FREEDOM
WOODS COUNTY, OKLAHOMA**

**ACCOUNTANT'S REPORT
AGREED UPON PROCEDURES**

FISCAL YEAR ENDED

JUNE 30, 2013

WILLIAM K. GAUER
CERTIFIED PUBLIC ACCOUNTANT
WATONGA, OKLAHOMA

**TOWN OF FREEDOM
WOODS COUNTY, OKLAHOMA
TOWN COUNCIL AND OFFICERS**

Ty Harper, Thru May 2013
Shad Bracklin, As of June 2013
Randy Reed
Rolando Galindo

Mayor
Mayor
Council
Council

Cindy Reed

Town Clerk/Treasurer

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WILLIAM K. GAUER

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**INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON
PROCEDURES THAT INCLUDES AN ACCOUNTANT'S COMPILATION REPORT ON
ACCOMPANYING FINANCIAL STATEMENTS COMPILED BY THE ACCOUNTANT**

Independent Accountant's Report

To the Specified Users of the Report:

Town Board, Town of Freedom
Freedom, Oklahoma

Trustees of the Freedom Municipal Authority
Freedom, Oklahoma

Oklahoma Office of State Auditor and Inspector
Oklahoma City, Oklahoma

I have compiled the accompanying Summary of Changes in Fund Balances-Cash Basis of the Town of Freedom and Public Trusts. Example, Oklahoma as of June 30, 2013 and the related Budgetary Comparison Schedule of General Fund-Cash Basis, Statement of Revenues, Expenses and Changes in Fund Balance of Public Works Authority-Cash Basis, and Schedule of Grant Activity-Cash Basis for the fiscal year ended June 30, 2013. The financial statements have been prepared in a format and basis of accounting, as prescribed by Oklahoma Statutes, that demonstrates compliance with the cash basis and budget laws of the State of Oklahoma, which is a comprehensive basis of accounting other than generally accepted accounting principles. I have not audited or reviewed the financial statements referred to above, and accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with the cash basis described above.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting and the requirements of Oklahoma Statutes and for designing, implementing, and maintain internal controls relevant to the preparation and fair presentation of the financial statements.

My responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide an assurance that there are no material modifications that should be made to the financial statements.

**INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON
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Town of Freedom and Public Trust

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Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared in accordance with the cash basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Town's assets, liabilities, equity, revenues and expenses. Accordingly, these financial statements are not designed for those who are not informed about such matters.

Additionally, I have performed the procedures enumerated below which were agreed to by the specified users of the report, as identified above, and as defined within the applicable state laws of the State of Oklahoma solely to assist the Town and Public Works Authority in meeting its financial accountability requirements as prescribed by Oklahoma Statutes §11-17 (105-107) and §60-180.1-.3 and evaluating compliance with specified legal or contractual requirements for the fiscal year ended June 30, 2012. Management of the Town of Freedom is responsible for the Town's financial accountability and its compliance with those legal and contractual requirements. This agreed-upon procedures engagement was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in this report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Procedures and Findings

As to the **Town of Freedom** as of and for the fiscal year ended June 30, 2013:

1. Procedures Performed: From the Town's trial balances, we prepared a schedule of changes in fund balances for each fund (see accompanying Exhibit A) and compared the schedule results to the statutory prohibition of creating fund balance deficits to report any noted instances of noncompliance.

Findings: None

2. Procedures Performed: From the Town's trial balances, we prepared a budget and actual financial schedule for the General Fund and any other significant funds listing separately each federal fund (see accompanying Exhibit B) and compared the actual expenditures and encumbrances reported to the authorized appropriations to report any noted instances of noncompliance with the appropriation limitations.

Findings: None

3. Procedures Performed: We agreed the Town's material bank account balances to bank statements, and traced the timely clearance of significant reconciling items to report any significant or unusual instances of reconciling items that have not cleared.

Findings: None

**INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON
PROCEDURES THAT INCLUDES AN ACCOUNTANT'S COMPILATION REPORT ON
ACCOMPANYING FINANCIAL STATEMENTS COMPILED BY THE ACCOUNTANT
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4. **Procedures Performed:** We compared the Town's uninsured deposits to fair value of pledged collateral to report any amounts of uninsured and uncollateralized deposits.

Findings: None

5. **Procedures Performed:** We compared use of material-restricted revenues and resources to their restrictions to report any noted instances of noncompliance.

Findings: None

6. **Procedures Performed:** We compared the accounting for the Town's activities by fund to the legal and contractual requirements for separate funds to report any noted instances of noncompliance.

Findings: None

7. **Procedures Performed:** We compared the Town's account balances in reserve accounts to contractually required balances and debt service coverage requirements of bond indentures to the actual coverage to report any noted instances of noncompliance.

Findings: None

As to the **Freedom Municipal Authority**, as of and for the fiscal year ended June 30, 2013:

1. **Procedures Performed:** From the Authority's trial balances, we prepared a schedule of revenues, expenditures/expenses and changes in fund balances/net assets for each fund (see accompanying Exhibit C) and compared the schedule results to the applicable trust prohibitions for creating fund balance deficits to report any noted instance of noncompliance.

Findings: None

2. **Procedures Performed:** We agreed the Authority's material bank account balances to bank statements, and traced the timely clearance of significant reconciling items to report any significant or unusual instances of reconciling items that have not cleared.

Findings: None

3. **Procedures Performed:** We compared the Authority's uninsured deposits to fair value of pledged collateral to report any amounts of uninsured and uncollateralized deposits.

Findings: None

**INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON
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4. Procedures Performed: We compared the Authority's use of material-restricted revenues and resources to their restrictions to report any noted instances of noncompliance.

Findings: None

5. Procedures Performed: We compared the accounting for the Authority's activities by fund to the legal and contractual requirements for separate funds to report any noted instances of noncompliance.

Findings: None

6. Procedures Performed: We compared the Authority's account balances in reserve accounts to contractually required balances and debt service coverage requirements of bond indentures to the actual coverage to report any noted instances of noncompliance.

Findings: None

As to the **Town of Freedom and Municipal Authority Grant Programs**, as of and for the fiscal year ended June 30, 2013:

1. Procedures Performed: From the Town and Authority's trial balances, we prepared a schedule of grant activity for each grant/contract (see accompanying Exhibit D) and compared the receipts and disbursements to grant agreements and supporting information to report any noted instances of noncompliance with the grant agreement.

Findings: None

I was not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the information and use of the specified users, as identified above, and is not intended to be and should not be used by anyone other than these specified parties.


November 30, 2013

Exhibit A
Town of Freedom
Summary of Changes in Fund Balances-Cash Basis
For the Fiscal Year Ended June 30, 2013

	Beginning of Year	Current Year Change		End of Year
		Increases	Decreases	
Fund Balances				Fund Balances
TOWN:				
General Fund:				
Checking	\$ 32,336	\$ 146,551	\$ 142,984	\$ 35,903
Savings	2,281	6	-	2,286
Certificate of Deposits	10,500	-	-	10,500
Total General Fund	45,117	6	-	48,689
Fire Fund:				
Checking	14,019	25,071	12,315	26,775
Savings	33,739	77	-	33,816
	47,758	25,147	12,315	60,590
4th of July Fund	525	-	-	525
Proprietary Fund (Ambulance)	14,185	34,909	23,691	25,404
RV Park	20,471	32,772	34,213	19,030
Airport Fund	1,533	4	-	1,536
Ambulance Grant	-	60	-	60
Grant Fund	4,725	37,200	37,200	4,725
Town Subtotal	134,314	130,098	107,419	160,560
MUNICIPAL AUTHORITY:				
Utilities Fund	3,664	238,015	227,838	13,841
Utilities Fund - CDs	10,000	-	-	10,000
Property and Equipment Fund	51,475	-	-	51,475
Gas Deposit Fund	6,727	614	216	7,125
Water Deposit Fund	5,052	1,111	300	5,862
MA Subtotal	76,918	239,739	228,354	88,303
Overall Totals	\$ 211,231	\$ 369,837	\$ 335,772	\$ 248,864

Exhibit B
Town of Freedom
Budgetary Comparison Schedule General Fund - Cash Basis
For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Beginning Budgetary Fund Balance:	\$ 32,336	\$ 32,336	\$ 32,336	\$ -
Resources (Inflows):				
Taxes:				
Franchise Tax	6,107	6,107	3,311	(2,796)
Sales Tax	55,060	55,060	83,629	28,569
Tobacco Tax	1,099	1,099	1,176	77
Total Taxes	62,265	62,265	88,116	25,851
Intergovernmental:				
Motor Vehicle Tax	-	-	-	-
Alcoholic Beverage Tax	6,707	6,707	7,075	368
Gas Tax	698	698	315	(383)
Grants	-	-	19,260	19,260
Investment Income	104	104	21	(83)
Miscellaneous Income	-	-	1,342	1,342
Other Financing Sources:				
Transfer from Other Funds	-	-	30,421	30,421
Amounts available for appropriations	102,111	102,111	178,887	76,776
General Government:				
Personal Services	10,000	10,000	-	(10,000)
Maintenance and Operations	80,000	80,000	64,078	(15,922)
Contractual Services	-	-	-	-
Capital Outlay	24,892	24,892	78,900	54,008
Other Financing Uses:				
Transfers to other funds	-	-	-	-
Total Charges to Appropriations	114,892	114,892	142,978	28,086
Ending Budgetary Fund Balance	<u>(12,780.72)</u>	<u>\$ (12,781)</u>	<u>\$ 35,909</u>	<u>\$ 48,689</u>

Exhibit C
Freedom Municipal Authority
Statement of Receipts and Disbursements - Cash Basis
For the Fiscal Year Ended June 30, 2013

	Actual Amounts
Gross Revenues	
Gas Sales	\$ 94,724
Water	64,469
Sewer	10,095
Garbage	42,673
Other	551
Total Gross Revenue	212,511
Operating Expenses	
Personnel Services:	
Wages and Salaries	47,880
Taxes - Payroll	4,586
Total Personnel Services	52,466
Maintenance and Operations:	
Annual Fees	559
Dues and subscriptions	461
Insurance	6,438
Operations	537
Penalties	1
Supplies	278
Utilities	1,985
Total Maintenance and Operations	10,259
Contact Services:	
Contract - Gas Purchases	62,008
Contract - Water Purchases	53,557
Contract - Trash Removal	46,498
Contract - Other	3,575
Total Contract Services	165,637
Total Operating Expense/Disbursements	228,362
Net Operating Revenue	(15,850)
Other Income (Expenses)	
Interest Income	23
Interest Expense	-
Transfer from Other Funds	26,003
Other Income	26,027
Net Revenue	\$ 10,176
	10,177

Town of Freedom
Woods County, Oklahoma
Schedule of Grant Awards,
Revenues and Expenditures - Cash Basis
For Year Ended June 30, 2013

Grant Description	Contract Number	Grant Award	Revenue Collected	Total Expenditures
OEDA-REAP Grant	OEDA REAP 12-128	56,460	56,460	56,460
Gas Line Replacement			56,460	56,460
Department of Agriculture	Fire Department	4,484	4,484	4,484
Fire Dept Operations Grant			4,484	4,484
Total			\$60,944	\$60,944